

SEC. \_\_\_\_ . PROVISIONS RELATING TO UNIVERSAL SERVICE SUPPORT FOR PUBLIC INSTITUTIONAL TELECOMMUNICATIONS USERS.

(a) No Inference Regarding Existing Universal Service Administrative Mechanism.\_ Nothing in this section may be considered as expressing the approval of the Congress of the action of the Federal Communications Commission in establishing, or causing to be established, one or more corporations to administer the schools and libraries program and the rural health care provider program under section 254(h) of the Communications Act of 1934 (47 U.S.C. 254(h)), or the approval of any provision of such programs.

(b) FCC to Report to the Congress.\_

(1) Report due date.\_ Pursuant to the findings of the General Accounting Office (B-278820) dated February 10, 1998, the Federal Communications Commission shall, by May 8, 1998, submit a 2-part report to the Congress under this section.

(2) Revised structure . \_The report shall propose a revised structure for the administration of the programs established under section 254(h) of the Communications Act of 1934 (47 U.S.C. 254(h)). The revised structure shall consist of a single entity.

(A) Limitation on administration of programs.\_ The entity proposed by the Commission to administer the programs\_

(i) is limited exclusively to the ministerial acts of processing the applications necessary to determine eligibility for discounts under section 254(h) of the Communications Act of 1934 (47 U.S.C. 254(h)) as determined by the Commission;

(ii) may not administer the programs in any manner that requires that entity to interpret the intent of the Congress in establishing the programs or interpret any rule promulgated by the Commission in carrying out the programs.

(B) APA requirements waived . \_In preparing the report required by this section, the Commission shall find that good cause exists to waive the requirements of section 553 of title 5, United States Code, to the extent necessary to enable the Commission to submit the report to the Congress by May 8, 1998.

(3) Report on funding of schools and libraries program and rural health care program.\_ The report required by this section shall also provide the following information about the contributions to, and requests for funding from, the schools and libraries subsidy program:

(A) An estimate of the expected reductions in interstate access charges

anticipated on July 1, 1998, including individual estimates of\_

(i) the value of the current price cap formula, excluding the ``g''

(growth) component;

(ii) the value of the ``g'' (growth) component;

(iii) the value of the exogenous cost component;

(iv) the amount of available headroom; and

(v) the amount of reductions for incumbent local exchange carriers still subject to rate-of-return regulation.

(B) The 1997 interstate rate of return for each incumbent local exchange carrier subject to price cap regulation;

(C) Based on the information in subparagraphs (A) and (B), a complete explanation and accounting for any headroom claimed to be available to an incumbent local exchange carrier whose actual rate of return is greater than 11.25 percent.

(D) An accounting of the total contributions to the universal service fund that are available for use to support the schools and libraries program under section 254(h) of the Communications Act of 1934 (47 U.S.C. 254(h)) for the second quarter of 1998.

(E) An accounting of the amount of the contribution described in subparagraph (D) that the Commission expects to receive from\_

(i) incumbent local exchange carriers;

(ii) interexchange carriers;

(iii) information service providers;

(iv) commercial mobile radio service providers; and

(v) any other provider.

(F) With regard to incumbent local exchange carriers\_

(i) the amount of the contribution for universal services under section 254 of the Communications Act of 1934 (47 U.S.C. 254) that will be recovered from subscribers; and

(ii) the amount that will be passed on to interexchange carriers in the form of increased

access charges, the access and end-user rate elements in which any increase in incumbent local exchange carrier contributions will be reflected, and an explanation of why this method of cost recovery is consistent with the goal of competitive neutrality set forth in section 254(d) of that Act (47 U.S.C. 254(d)).

(G) Based on the applications for funding under section 254(h) of the Communications Act of 1934 (47 U.S.C. 254(h)) received as of April 15, 1998, an estimate of the costs of providing universal service support to schools and libraries under that section disaggregated by eligible services and facilities as set forth in the eligibility list of the Schools and Libraries Corporation, including\_

(i) the amounts requested for costs associated with telecommunications services;

(ii) the amounts requested for costs described in clause (i) plus the costs of internal connections under the program; and

(iii) the amounts requested for the costs described in clause (ii), plus the cost of internet access.

(H) A justification for the amount, if any, by which the total requested disbursements from the fund described in subparagraph (G) exceeds the amount of available contributions described in subparagraph (D).

(I) Based on the amount described in subparagraph (G), an estimate of the amount of contributions that will be required for the schools and libraries program in the third and fourth quarters of 1998, and, to the extent these estimated contributions for the third and fourth quarter exceed the current second-quarter contribution, the Commission shall provide an estimate of the amount of support that will be needed for each of the eligible services and facilities as set forth in the eligibility list of the Schools and Libraries Corporation, and disaggregated as specified in subparagraph (G).

(J) An explanation of why restricting the basis of telecommunications carriers' contributions to universal service under 254(a)(3) [Ed. note: Should be 254(b)(4)] of the Communications Act of 1934 (47 U.S.C. 254(a)(3)) to interstate revenues, while requiring that contributions to universal service under section 254(h) of that Act (47 U.S.C. 254(h)) be based on both interstate as well as intrastate revenues, is consistent with the provisions of section 254(d) of that Act (47 U.S.C. 254(d)).

(K) An explanation as to whether access charge reductions should be passed through on a dollar-for-dollar basis to each customer class on a proportionate basis.

(c) Schools and Libraries Program Assistance Criteria.\_ In carrying out the schools and libraries program under paragraphs (1)(B) and (2) of section 254(h) of the Communications Act of 1934 (47 U.S.C. 254(h)), the Commission shall prioritize assistance on the basis of need. In determining need under this section, the

Commission shall make funds available for distance delivery education programs where advanced learning technologies are not otherwise available at affordable rates.

(d) Imposition of Cap on Compensation of Individuals Employed to Carry Out the Programs.\_ No officer or employee of the entity to be proposed to be established under subsection (b)(2) of this section may be compensated at an annual rate of pay, including any non-regular, extraordinary, or unexpected payment based on specific determinations of exceptionally meritorious service or otherwise, bonuses, or any other compensation (either monetary or in-kind), which exceeds the rate of basic pay in effect from time to time for level I of the Executive Schedule under section 5312 of title 5, United States Code.

(e) Second-Half 1998 Contributions.\_ Before June 1, 1998, the Federal Communications Commission may not\_

(1) adjust the contribution factors for telecommunications carriers under section 254; or

(2) collect any such contribution due for the third or fourth quarter of calendar year 1998.